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SUBJECT: IN A REPEAT OF 2008, DIVISIONS EXIST BETWEEN EU
MEMBER STATES ON CLIMATE CHANGE POLICY

Classified By: Charge d'Affaires Peter Chase, Reasons: 1.4 (b) and (d)

11. (C) Summary. As it prepares for Copenhagen, the EU is reliving many of the arguments that plagued it during negotiations of the Climate and Energy Package last year. At a recent EU Energy and Environment Ministers meeting, Poland is leading what appears to be the same group of Central and Eastern European Member States in opposing the concept that they should pay for reducing carbon emissions in developing countries with much larger GDPs, notably China. Despite indications that internal questions had been settled, the economic recession is exacerbating the divisions among Member States. Additionally, in working toward the EU,s emissions reduction target, now 20% from 1990 levels in 2020 but with the possibility of going to 30% with "comparable" efforts from other developed countries, the EU has painted itself into a corner, both potentially forcing it to make increasingly painful reductions and making it next to impossible for the EU to commit to anything more than 30%. It will use its offer to go to 30% as a negotiating tactic so it can justify its actions to its citizens and its companies. End summary.

12. (C) During negotiations in 2008 on the EU,s Climate and Energy Package, Poland formed a coalition with eight other new Member States to gain concessions during the final drafting to account for emissions reductions during the 1990s and the possible threats to economic growth. Now, in debating how the EU will approach the UN climate change negotiations, Europe is seeing a repeat of the 2008 divisions. A Finnish delegate indicated to USEU EconOff on the margins of the July 23-25 informal Energy and Climate Ministers meeting in Are, Sweden that the EU,s effort is suffering from a repeat of last year, and several Member States are very upset that the actions of some are "holding the EU hostage." Germany is concerned that a lack of internal solidarity is leading to problems with the EU,s position and leadership internationally. A German delegate stated that Poland,s argument thus far can be summed up to "give us two billion euros for technology."

13. (C) The main issue is that some Member States have a problem with the increased burden placed upon them in addition to that of the Climate and Energy Package. A Polish delegate argued that the new Member States are at a disadvantage and to catch up with the rest of the EU, they will need to move faster than anyone globally, simply under the terms of the Climate and Energy Package. A Latvian delegate explained that even in Latvia, with its high proportion of renewable energy and its effort to move farther, it is not a wealthy country and should not be asked to pay for China and India. As a result, during the internal discussion on how to share the burden of EU mitigation and financing efforts, a Slovakian official explained that the coalition formed during the Climate and Energy Package is forming an alternative position to the major Western European Member States. According to the Polish delegate, this will

allow a real discussion as to how to address historical responsibility, in which early efforts by the new Member States--beyond post-Soviet deindustrialization--can be taken into account. This will also allow Poland and others to defend their use of coal, expected to be for the long-term and not accepted by many in the EU, on energy security grounds.

¶4. (C) Beyond the formation of the opposition bloc, few other decisions have been made, most notably on the move from 20% to 30%. Swedish Environment Minister Andreas Carlgren, supported by Environment Commissioner Stavros Dimas, publicly stated in re that there is "broad agreement" in the EU to push towards an ambitious Copenhagen agreement that allows for the EU to move to 30%. However, internally, there are divisions, including how to define comparability. A Slovakian delegate argued that 20% is still the current formal position, and divisions remain as to if and how to move to 30% and under what conditions. A French delegate was more subtle and explained that moving from 20% to 30% is not a fundamental problem, but the EU will not make the decision until Copenhagen. By contrast, a Norwegian delegate explained that the EU has positioned itself politically based on the "inevitable" move to 30%, that it would be impossible to avoid its commitment to 30%. The EU will thus use 30% as a negotiating tactic to move others to stronger commitments, so that it can justify its own decision to move to 30% to its citizens and companies, who are arguing that the EU should not go farther until other developed countries follow. (Note: Norway, while not a member of the EU, is a part of the Emissions Trading Scheme (ETS), and is thus privy to internal discussions. End note.)

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¶5. (C) The EU has made few other decisions related to financing. Poland and Latvia, among others, continue to argue that the GDP per capita of many Member States is less than that of China, and thus they should not be asked to pay. However, Western European Member States are more concerned at the moment as to how to develop a framework for financing. A German delegate explained that Germany would like the EU to be more concrete on a financing framework, but should not present a concrete number until much later. According to the delegate, this framework should be based on efforts by developing countries, a sentiment echoed by Carlgren when during a press conference, he repeated the EU mantra of "no money, no deal," adding to it "no actions, no money."

¶5. (C) Comment. Unsurprisingly, the EU remains undecided, and in some cases, divided, as to how it will approach the final months of the UN negotiations. The Swedish Presidency claims these issues will be worked out by the end of October, when Finance and Environment Ministers meet back to back in Brussels on October 20-21, followed by the European Council of Heads of State on October 29-30. It is likely that Poland, using its bloc of Eastern Member States, will continue to press for concessions internally, much as it did during negotiations last year. While it is not yet clear how these internal debates will play out, it is likely some concessions will be made so the EU can present a unified position in the international negotiations. The EU is so concerned that it maintain its leadership position, it will likely work rapidly to address the concerns of these Member States, although doing so will either raise the pain for the Western EU members or dilute the EU's claim to lead internationally. End comment.

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